

Corporate Credit & Issue Rating

New Update

Sector: Factoring

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Head of Group

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RATINGS

| | | Long Term | Short Term | |
|----------------|------------------|-----------|------------|----------|
| International | Foreign Currency | BBB- | A-3 | |
| | Local Currency | BBB- | A-3 | |
| | Outlook | FC | Negative | Negative |
| | | LC | Negative | Negative |
| | Issue Rating | - | - | |
| National | Local Rating | A-(Trk) | A-1(Trk) | |
| | Outlook | Stable | Stable | |
| | Issue Rating | A-(Trk) | A-1(Trk) | |
| Sovereign* | Sponsor Support | 2 | - | |
| | Stand-Alone | B | - | |
| | Foreign Currency | BBB- | - | |
| Local Currency | | BBB- | - | |
| Outlook | | FC | Negative | - |
| | LC | Negative | - | |

*Assigned by JCR on November 27, 2018

Devir Faktoring A.Ş.

Company Overview

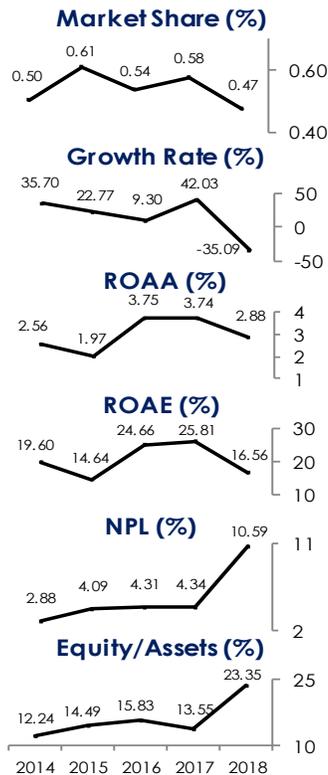
| Financial Data | 2018* | 2017* | 2016* | 2015* | 2014* |
|---------------------------|---------|---------|---------|---------|---------|
| Total Assets (000 USD) | 31,166 | 66,290 | 50,353 | 55,959 | 57,152 |
| Total Assets (000 TRY) | 163,960 | 252,591 | 177,837 | 162,706 | 132,529 |
| Equity (000 TRY) | 38,277 | 34,221 | 28,147 | 23,577 | 16,222 |
| Net Profit (000 TRY) | 4,626 | 6,601 | 5,079 | 2,307 | 2,343 |
| Market Share (%) | 0.47 | 0.58 | 0.54 | 0.61 | 0.50 |
| ROAA (%) | 2.88 | 3.74 | 3.75 | 1.97 | 2.56 |
| ROAE (%) | 16.56 | 25.81 | 24.66 | 14.64 | 19.60 |
| Equity / Total Assets (%) | 23.35 | 13.55 | 15.83 | 14.49 | 12.24 |
| NPL (%) | 10.59 | 4.34 | 4.31 | 4.09 | 2.88 |
| Growth Rate (%) | -35.09 | 42.03 | 9.30 | 22.77 | 35.70 |

* End of the year

Devir Faktoring A.Ş. (hereinafter to be referred as Devir Faktoring, Devir or the Company) was founded in 1991 by a partnership with Demirbank to operate in the Turkish Factoring Sector having been regulated and supervised by the Banking Regulation and Supervision Agency (BRSA) since 2006.

Following its foundation, the Levi Family acquired all of the shares in 1993 and has since been the sole ultimate shareholder of the Company.

The Company maintains its operations by a staff force of 61 employees as of FYE2018 through its headquarters in Istanbul as well as through its three branches in Istanbul (Pendik), Ankara (Ostim) and Izmir (Bornova).



Strengths

- Capitalization level far above the sector averages
- Majority of the balance sheet items being composed of earning assets contributing to asset quality
- Sustainability through its moderate risk profile, stability of management and prudent stance
- Asset profitability indicators still above the sector averages
- Granular portfolio marked by improved concentration level on client basis
- Improved level of compliance with corporate governance principles compared to its competitors in the sector
- High level of collateral coverage

Constraints

- NPL ratios exceeding the sector averages considerably
- Declining profitability indicators with NIM below the sector average
- Sharp contraction in asset size
- High operating expenses by scale
- Short term borrowing profile of the sector
- Aggravating circumstances to exert adversities on debt-servicing capabilities of real sector accompanied by weakened demand and rising unemployment
- Fierce and asymmetric competition throughout the sector
- Provision expenses having exerted pressure on profitability and causing volatility in indicators to a great extent